

Statement of Considerations

REQUEST BY THE TRANE COMPANY, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER SUBCONTRACT NO. PF11413 WITH GAS TECHNOLOGY INCORPORATED UNDER UT-BATTELLE, LLC SUBCONTRACT NO. 4000009522 UNDER DOE PRIME CONTRACT DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-02-028; [ORO-772]

The Trane Company (Trane) has made a request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No. PF11413 under Gas Technology Incorporated (GTI) Subcontract No. 4000009522 with UT-Battelle, LLC under Department of Energy (DOE) Contract DE-AC05-00OR22725. The scope of work of this project is to design, build, and verify the performance of a single-effect absorption chiller with capacity of approximately 100 tons. Trane will also provide input to and work with the other team members working with Oak Ridge National Laboratory (ORNL) in the development of a packaged Building Cooling Heat and Power System (BCHP). This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total amount of the Trane sub-subcontract is \$816,472 of which Trane will cost share 47%. The period of performance for the work is from June 2001 to May 31, 2003.

It is expected that Trane's experience and market position will contribute substantially to commercialization of the inventions made under the sub-subcontract. Trane's annual sales of air conditioning equipment is \$4.3 billion. Trane is the leading manufacturer of commercial air conditioning products and is one of the largest manufacturers of large absorption chillers in the world, with high-efficiency gas, steam and hot-water fired product available from 112 to 1660 tons of refrigeration. Furthermore, Trane has extensive experience in the development, qualification, and commercialization of numerous HVAC products. Work on this project will be performed at Trane's Technology Center in LaCrosse, Wisconsin which houses significant R&D and product development staff and expertise. In addition, investing over \$12 million over the last five years, Trane has completely redesigned its absorption water chiller product lines, known collectively as Horizon® products. It is expected that the design of the absorption chiller that will be developed under the present project will be based on Horizon® absorption chillers technology and will have similar feature content.

Trane has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.


Trane has also agreed that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless Trane can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. Trane further agrees to make the above

condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should Trane or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition and market concentration. The technology has not been commercially demonstrated and must compete with already existing technologies.

Granting of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

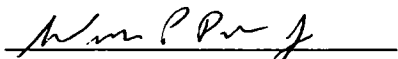
In view of the acceptable level of cost sharing by Trane and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.


Emily G. Schneider
Assistant Chief Counsel for
Intellectual Property

Date: 8/26/02


Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:


William P. Parks, Jr.
Associate Deputy Assistant Secretary for
Power Technologies

Date: 9/26/02

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date: 10-1-02